

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 115

Short Title: Retirement Technical Corrections Act of 2017.-AB (Public)

Sponsors: Representatives Dulin, Ross, and McNeill (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Appropriations

February 16, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CONFORMING CHANGES
TO THE LAWS GOVERNING THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM, THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT
SYSTEM, AND OTHER RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-1(5) reads as rewritten:

"(5) "Average final compensation" shall mean the average annual compensation of a member during the four consecutive calendar years of membership service producing the highest such average; but shall not include any compensation, as determined by the Board of Trustees, for the reimbursement of expenses or payments for housing or any other allowances whether or not classified as salary and wages. Payout of vacation leave shall be included in "average final compensation" only if the payout is received by the member during the four consecutive calendar years of membership service producing the highest average annual compensation of the member. In the event a member is or has been in receipt of a benefit under the provisions of G.S. 135-105 or G.S. 135-106, the compensation used in the calculation of "average final compensation" shall be the higher of compensation of the member under the provisions of this Article or compensation used in calculating the payment of benefits under Article 6 of this Chapter as adjusted for percentage increases in the post disability benefit."

SECTION 1.(b) G.S. 128-21(5) reads as rewritten:

"(5) "Average final compensation" shall mean the average annual compensation, not including any terminal payments for unused sick leave, of a member during the four consecutive calendar years of creditable service producing the highest such average; but shall not include any compensation, as determined by the Board of Trustees, for the reimbursement of expenses or payments for housing or any other allowances whether or not classified as salary and wages. Payout of vacation leave shall be included in "average final compensation" only if the payout is received by the member during the four consecutive calendar years of membership service producing the highest average annual compensation of the member."

SECTION 2.(a) G.S. 135-8(b)(5) reads as rewritten:



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1 "(5) The Board of Trustees may approve the purchase of creditable service by any
2 member for leaves of absence or for interrupted service to an employer only for
3 the purpose of acquiring knowledge, talents, or abilities and to increase the
4 efficiency of service to the employer, subject to the provisions of this
5 subdivision. A leave of absence or interrupted service may be approved for
6 purchase under this subdivision for a period of employment as a teacher in a
7 charter school. Any other leave of absence or interrupted service shall qualify
8 for purchase under this subdivision only if (i) during the time of the leave or
9 interrupted service the member is enrolled and participates in a full time degree
10 program at an accredited institution of higher education, (ii) the member is not
11 paid compensation, other than a stipend resulting from participation in a
12 full-time degree program, for the activity in which he or she is acquiring
13 knowledge, talents, or abilities, and (iii) the service is not purchased for any
14 month in which the member performed any services for any of the
15 organizations listed in G.S. 135 27(a) or G.S. 135 27(f), or a successor to any of
16 those organizations. Approval by the Board under this subdivision shall be
17 made prior to the purchase of the creditable service, is limited to a career total
18 of six years for each member, and may be obtained in the following manner:
19"

20 **SECTION 2.(b)** G.S. 128-30(b)(4) reads as rewritten:

21 "(4) The Board of Trustees may approve the purchase of creditable service by any
22 member for leaves of absence or for interrupted service to an employer only for
23 the purpose of acquiring knowledge, talents, or abilities and to increase the
24 efficiency of service to the employer, subject to the provisions of this
25 subdivision. A leave of absence or interrupted service may be approved for
26 purchase under this subdivision for a period of employment as a teacher in a
27 charter school. Any other leave of absence or interrupted service shall qualify
28 for purchase under this subdivision only if (i) during the time of the leave or
29 interrupted service the member is enrolled and participates in a full-time degree
30 program at an accredited institution of higher education, (ii) the member is not
31 paid compensation, other than a stipend resulting from participation in a
32 full-time degree program, for the activity in which he or she is acquiring
33 knowledge, talents, or abilities, and (iii) the service is not purchased for any
34 month in which the member performed any services for any of the
35 organizations listed in G.S. 135-27(a) or G.S. 135-27(f), or a successor to any
36 of those organizations. Approval by the Board under this subdivision shall be
37 made prior to the purchase of the creditable service, is limited to a career total
38 of four years for each member, and may be obtained in the following manner:
39"

40 **SECTION 3.** G.S. 135-48.12 is amended by adding a new subsection to read:

41 "(i) The Committee shall adopt a funding policy and shall include information about the
42 State's contribution policy, including the basis for determining contributions in the annual actuarial
43 valuation."

44 **SECTION 4.** G.S. 147-86.59 reads as rewritten:

45 **"§ 147-86.59. Certification required.**

46 (a) A State agency shall ~~require~~ certify that a person that attempts to contract with the
47 State or political subdivision of the State, ~~including a contract renewal or assumption, to certify, at~~
48 ~~the time~~ State is not identified on a list created by the State Treasurer pursuant to G.S. 147-86.58
49 when the bid is submitted or the contract is entered into, renewed, or assigned, that the person or
50 ~~the assignee is not identified on a list created by the State Treasurer pursuant to G.S. 147-86.58.~~
51 assigned. "Attempts to contract" include a contract renewal or assumption. A State agency shall

1 include certification information in the procurement record. If a State agency and the same person
2 enter into multiple contracts or multiple contract renewals or assumptions within 180 days after a
3 certification is made, a new certification need not be made.

4 (b) A person that contracts with the State or a political subdivision of the State, including a
5 contract renewal or assumption, shall not utilize on the contract with the State agency any
6 subcontractor that is identified on a list created pursuant to G.S. 147-86.58.

7 (c) Upon receiving information that a person who has ~~made the certification~~ been certified
8 as required by subsection (a) of this section is in violation thereof, the State agency shall review
9 the information and offer the person an opportunity to respond. If the person fails to demonstrate
10 that the person should not have been identified on the list created pursuant to G.S. 147-86.58
11 within 90 days after the determination of the violation, then the State agency shall take action as
12 may be appropriate and provided for by law, rule, or contract."

13 **SECTION 5.(a)** G.S. 147-86.72(h) reads as rewritten:

14 "(h) Other States-States Contracting for North Carolina to Provide Program. – With consent
15 of the State Treasurer, the Board may enter into agreements with other states to either (i) allow
16 North Carolina residents to participate in a plan operated by a contracting state with a qualified
17 ABLE program or (ii) allow residents of other states to participate in the qualified North Carolina
18 ABLE Program Trust."

19 **SECTION 5.(b)** G.S. 147-86.72 is amended by adding a new subsection to read:

20 "(i) Arrangements for North Carolina Program to Be Provided in Partnership With Other
21 States. – Notwithstanding any other provision of this Article, in addition to or in lieu of
22 establishing a North Carolina ABLE Program and ABLE Program Trust, the Board may do either
23 of the following:

24 (1) Enter into an agreement with one or more states, or a consortium of states, that
25 has a qualified ABLE program for the provision of all services necessary to
26 allow residents of North Carolina to participate in the qualified ABLE program
27 of the other state, states, or consortium.

28 (2) Facilitate or otherwise provide access to allow residents of North Carolina to
29 participate in qualified ABLE programs operated by another state, states, or
30 consortium.

31 The Board shall take action only after due diligence that includes a fiduciary analysis that
32 indicates the qualified ABLE program offered by the other state, states, or consortium will (i) meet
33 all the requirements of this Article and (ii) be more efficient and cost-effective than an ABLE
34 program provided directly by the Board. If the Board enters into an arrangement authorized by this
35 subsection, the Board shall meet on a semiannual basis to evaluate the effectiveness of the services
36 being provided."

37 **SECTION 6.** G.S. 147-69.2(a) is amended by adding a new subdivision to read:

38 "(21) The Disability Income Plan of North Carolina."

39 **SECTION 7.** Section 2 of S.L. 2015-68 is repealed.

40 **SECTION 8.** G.S. 147-69.12(e) is repealed.

41 **SECTION 9.** If any provision of this act or its application is held invalid, the
42 invalidity does not affect other provisions or applications of this act that can be given effect
43 without the invalid provisions or application, and, to this end, the provisions of this act are
44 severable.

45 **SECTION 10.** This act is effective when it becomes law.